

SECOND ADDENDUM

CHINA UNIVERSAL INTERNATIONAL SERIES (the “Fund”)

This Second Addendum should be read in conjunction with, and forms part of, the Explanatory Memorandum for the Fund dated October 2015 and the First Addendum dated 26 September 2016 (the “Explanatory Memorandum”). All capitalised terms herein contained shall have the same meaning in this Second Addendum as in the Explanatory Memorandum, unless otherwise indicated.

China Universal Asset Management (Hong Kong) Company Limited (the “**Manager**”) accepts full responsibility for the accuracy of the information contained in this document at the date of publication, and confirms, having made all reasonable enquiries, that to the best of its knowledge and belief there are no other facts the omission of which would make any statement in this document misleading.

Unless otherwise stated herein, the Explanatory Memorandum remains in full force and effect.

A. Change in investment policy of CUAM China-Hong Kong Strategy Fund

1. To provide greater flexibility for CUAM China-Hong Kong Strategy Fund to capture market opportunities, the following amendments are made to the Explanatory Memorandum relating to CUAM China-Hong Kong Strategy Fund with immediate effect: The section headed “**Investment Policy**” on page 66 of the Explanatory Memorandum is deleted in its entirety and replaced with the following:

“The Manager seeks to achieve capital growth by investing principally in listed equity securities of Greater China Companies and it intends to hold such investments for a medium to long term (i.e. for a period varying from 6 months to 5 years), although the actual holding period may vary subject to various factors such as the actual return from the investments.

At least 70% of the Sub-Fund’s Net Asset Value will be invested in equity securities listed on the Hong Kong Stock Exchange.

In addition, the Sub-Fund may invest on an ancillary basis less than 30% of its Net Asset Value in equity securities listed on other stock exchanges around the world, debt securities, and other collective investment schemes, subject to the investment and borrowing restrictions in the Explanatory Memorandum. For the avoidance of doubt, the Sub-Fund’s aggregate exposure in onshore mainland China market will not be more than 20% of its Net Asset Value.

The Sub-Fund may have direct exposure to China A-Shares using RQFII quota of the Manager (as the RQFII holder) allocated to the Sub-Fund and China B-Shares. The Sub-Fund may also directly invest in certain eligible China A-Shares via the Shanghai-Hong Kong Stock Connect (“**Stock Connect**”) (as further described in the section headed “**Shanghai-Hong Kong Stock Connect**”). Besides, the Sub-Fund may invest in exchange-traded funds (“**ETF**”) listed on the Hong Kong Stock Exchange to gain exposure to China A-Shares (including physical and synthetic ETF).

The Sub-Fund will not invest more than 10% of its Net Asset Value in securities issued by or guaranteed by any single country (including its government, a public or local authority of that country) with a credit rating below investment grade as rated by any international credit rating agency (such as Standard & Poor’s, Moody’s and Fitch). Also, the Sub-Fund will not invest in structured products such as asset backed securities (including asset backed commercial papers).

The Sub-Fund will invest in financial derivative instruments (by engaging in foreign currency transaction, including but not limited to currency forward contracts) for hedging purposes only.

The Sub-Fund will not engage in securities lending transactions or repurchase and reverse repurchase transactions. Prior approval will be sought from the SFC and at least one month’s prior notice will be

given to Unitholders should there be a change in such intention. The Explanatory Memorandum will be updated accordingly.”

B. Launch of USD classes of Units for CUAM China-Hong Kong Strategy Fund

To reflect the launch of USD classes of Units for CUAM China-Hong Kong Strategy Fund, the following amendments are made to the Explanatory Memorandum with immediate effect:

1. “Appendix II – CUAM China-Hong Kong Strategy Fund” is amended as follows:

- (a) The first three paragraphs under the section headed “**Initial Offer**” on page 65 of the Explanatory Memorandum are deleted in their entirety and replaced with the following:

“The initial offer of the Units of Class A HKD, Class I HKD, Class A RMB and Class I RMB has already been closed.

Units of Class A USD and Class I USD will be available for subscription during the period commencing 9 a.m. (Hong Kong time) on 1 December 2016 to 4 p.m. (Hong Kong time) on 1 December 2016 (or such other dates as the Manager and the Trustee may determine).

The initial offer price for Units of Class A USD and Class I USD is USD 1.00 (exclusive of preliminary charge). The Manager is entitled to charge a preliminary charge of up to 5.00% of the initial offer price.”

- (b) The first and second paragraphs under the section headed “**Available Classes**” on page 74 of the Explanatory Memorandum are deleted in their entirety and replaced with the following:

“Class A HKD Units, Class A RMB Units and Class A USD Units are available for sale to the retail public in Hong Kong.

Class I HKD Units, Class I RMB Units and Class I USD Units are offered to institutional investors or other investors determined by the Manager.”

- (c) The table under the section headed “**Investment Minima**” on page 74 pf the Explanatory Memorandum is deleted in its entirety and replaced with the following:

Minimum Subscription Amount	Class A HKD Units: HK\$ 10,000 Class A RMB Units: RMB 10,000 Class A USD Units: USD 1,000 Class I HKD Units: HK\$ 3,000,000 Class I RMB Units: RMB 3,000,000 Class I USD Units: USD 300,000
Minimum Subsequent Subscription Amount	Class A HKD Units: HK\$ 1,000 Class A RMB Units: RMB 1,000 Class A USD Units: USD 1,000 Class I HKD Units: HK\$ 500,000 Class I RMB Units: RMB 500,000 Class I USD Units: USD 50,000
Minimum Holding	Class A HKD Units: HK\$ 10,000 Class A RMB Units: RMB 10,000 Class A USD Units: USD 1,000 Class I HKD Units: HK\$ 1,000,000 Class I RMB Units: RMB 1,000,000 Class I USD Units: USD 100,000

Minimum Realisation Amount	Class A HKD Units: HK\$ 1,000 Class A RMB Units: RMB 1,000 Class A USD Units: USD 1,000 Class I HKD Units: HK\$ 100,000 Class I RMB Units: RMB 100,000 Class I USD Units: USD 10,000
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C. Launch of RMB and USD classes of Units for CUAM Hong Kong Dollar Bond Fund

To reflect the launch of RMB and USD classes of Units for CUAM Hong Kong Dollar Fund, the following amendments are made to the Explanatory Memorandum with immediate effect:

1. “Appendix III – CUAM Hong Kong Dollar Bond Fund” is amended as follows:

- (a) The first and second paragraphs under the section headed “**Initial Offer**” on page 77 of the Explanatory Memorandum are deleted in their entirety and replaced with the following:

“The initial offer of the Units of Class A HKD and Class I HKD has already been closed.

Units of Class A RMB, Class I RMB, Class A USD and Class I USD will be available for subscription during the period commencing 9 a.m. (Hong Kong time) on 1 December 2016 to 4 p.m. (Hong Kong time) on 1 December 2016 (or such other dates as the Manager and the Trustee may determine).

The initial offer price for Units of Class A RMB and Class I RMB is RMB 10.00 (exclusive of preliminary charge). The initial offer price for Class A USD and Class I USD is USD 1.00 (exclusive of preliminary charge). The Manager is entitled to charge a preliminary charge of up to 5.00% of the initial offer price.”

- (b) The first sentence under the section headed “**Application Moneys / Realisation Proceeds**” on page 77 of the Explanatory Memorandum is deleted in its entirety and replaced with the following:

“Application moneys for this Sub-Fund should be made in the relevant class currency.”

- (c) The following risk factors are inserted after the risk factor headed “**Risk of using financial derivative instruments**” in the section headed “**Specific Risk Factors**” on page 79 of the Explanatory Memorandum:

“Renminbi currency risk - RMB is currently not a freely convertible currency as it is subject to foreign exchange control policies of and repatriation restrictions imposed by the Chinese government. Such policies may change in future. Depending on the nature of the change and other factors such as the prevailing economic conditions, RMB may depreciate and the Sub-Fund’s or the investors’ position may be adversely affected.

RMB classes related risk - The prices of Units in the RMB classes are denominated in RMB, but the Sub-Fund will have limited RMB-denominated underlying investments and its base currency is HKD. As such, even if the prices of underlying investments and/or value of the base currency rise or remain stable, investors may still incur losses if RMB appreciates against the currencies of the underlying investments and/or the base currency more than the increase in the value of the underlying investments and/or the base currency. Furthermore, if RMB appreciates against the currencies of the underlying investments and/or the base currency, and the value of the underlying investments decreased, the value of investors’ investments in RMB classes may suffer additional losses.

Investors investing in RMB classes must subscribe for Units and will normally receive redemption proceeds in RMB. Due to the exchange controls and restrictions applicable to RMB,

the Sub-Fund may not be able to get sufficient amounts of RMB in a timely manner to meet redemption requests of RMB classes and/or pay dividends (if any) if all or a substantial portion of its underlying investments are non-RMB denominated. Therefore, even if the Sub-Fund aims to pay redemption proceeds and/or dividends to investors of RMB classes in RMB, investors may not receive RMB upon redemption of investments or receive dividend payments (if any) in RMB. There is also a risk that payment of investors' redemption proceeds in RMB may be delayed when there is not sufficient RMB for currency conversion for settlement of the redemption proceeds.

When calculating the value of the RMB classes, the offshore RMB in Hong Kong (the "CNH") will be used. The CNH rate may be at a premium or discount to the exchange rate for onshore RMB in China (the "CNY") and there may be significant bid and offer spreads. While CNH and CNY represent the same currency, they are traded in different and separate markets which operate independently. As such, CNH does not necessarily have the same exchange rate and may not move in the same direction as CNY.

The value of the RMB classes thus calculated will be subject to fluctuation. The exchange rate of RMB may rise or fall. There can be no assurance that RMB will not be subject to devaluation. Any devaluation of RMB could adversely affect the value of investors' investments in the RMB classes of the Sub-Fund. Non-RMB based (e.g. Hong Kong) investors may have to convert HKD or other currencies into RMB when investing in the RMB classes. Subsequently, investors may also have to convert the RMB redemption proceeds (received when selling the units) back to HKD or other currencies. During these processes, investors will incur currency conversion costs and may suffer losses in the event that RMB depreciates against HKD or such other currencies upon receipt of the RMB redemption proceeds."

- (d) The first and second paragraphs under the section headed "**Available Classes**" on page 80 of the Explanatory Memorandum are deleted in their entirety and replaced with the following:

"Class A HKD Units, Class A RMB Units and Class A USD Units are available for sale to the retail public in Hong Kong.

Class I HKD Units, Class I RMB Units and Class I USD Units are offered to institutional investors or other investors determined by the Manager."

- (e) The table under the section headed "**Investment Minima**" on page 80 of the Explanatory Memorandum is deleted in its entirety and replaced with the following:

Minimum Subscription Amount	Class A HKD Units: HK\$ 10,000 Class A RMB Units: RMB 10,000 Class A USD Units: USD 1,000 Class I HKD Units: HK\$ 3,000,000 Class I RMB Units: RMB 3,000,000 Class I USD Units: USD 300,000
Minimum Subsequent Subscription Amount	Class A HKD Units: HK\$ 1,000 Class A RMB Units: RMB 1,000 Class A USD Units: USD 1,000 Class I HKD Units: HK\$ 500,000 Class I RMB Units: RMB 500,000 Class I USD Units: USD 50,000

Minimum Holding	Class A HKD Units: HK\$ 10,000 Class A RMB Units: RMB 10,000 Class A USD Units: USD 1,000 Class I HKD Units: HK\$ 1,000,000 Class I RMB Units: RMB 1,000,000 Class I USD Units: USD 100,000
Minimum Realisation Amount	Class A HKD Units: HK\$ 1,000 Class A RMB Units: RMB 1,000 Class A USD Units: USD 1,000 Class I HKD Units: HK\$ 100,000 Class I RMB Units: RMB 100,000 Class I USD Units: USD 10,000

D. Updates to disclosures on Foreign Account Tax Compliance Act

1. To reflect the updates to the Foreign Account Tax Compliance Act, the second paragraph in the section headed “**Foreign Account Tax Compliance Act**” on page 38 of the Explanatory Memorandum is deleted in its entirety and replaced with the following:

“In general, an FFI which does not sign an FFI Agreement or is not otherwise exempt will face a punitive 30% withholding tax on all “withholdable payments” derived from US sources, including dividends, interest and certain derivative payments made on or after 1 July 2014. In addition, starting no earlier than 1 January 2019, gross proceeds such as sales proceeds and returns of principal derived from stocks and debt obligations generating US source dividends or interest will be treated as “withholdable payments”. It is expected that certain non-US sourced payments attributable to amounts that would be subject to FATCA withholding (referred to as “passthru payments”) will also be subject to FATCA withholding, though the definition of “passthru payment” in US Treasury Regulations is currently pending.”

China Universal Asset Management (Hong Kong) Company Limited

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